

VZCZCXRO8618
PP RUEHDBU
DE RUEHTA #0125/01 0161152
ZNY CCCCC ZZH
P 161152Z JAN 07
FM AMEMBASSY ASTANA
TO RUEHC/SECSTATE WASHDC PRIORITY 8179
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2097
RUEHBUL/AMEMBASSY KABUL PRIORITY 0283
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0413
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEHNO/USMISSION USNATO PRIORITY 2169
RUEHVEN/USMISSION USOSCE PRIORITY 1668

C O N F I D E N T I A L SECTION 01 OF 05 ASTANA 000125

SIPDIS

SIPDIS

DEPT FOR SCA/CEN (M. O'MARA)

E.O. 12958: DECL: 01/16/2017

TAGS: [PGOV](#) [PREL](#) [KDEM](#) [KZ](#)

SUBJECT: KAZAKHSTAN: NEW CABINET TO MAINTAIN POLICY COURSE

REF: A. ASTANA 87

[1](#)B. ASTANA 96

[1](#)C. ASTANA 48

Classified By: CDA Kevin Milas, reasons 1.4 (B) and (D).

[1](#)1. (C) Summary: President Nazarbayev's early January cabinet reshuffle will not have a major impact on Kazakhstani government policy, but may offer insight into the struggle for influence between power groups and would-be successors. New Prime Minister Karim Masimov is expected to maintain the economic policy course that President Nazarbayev has long charted, focusing on economic diversification and competitiveness. Familiar figures named to other key positions, including Marat Tazhin as the new Foreign Minister and Daniyal Akhmetov as Kazakhstan's first civilian defense minister, are also expected to continue Kazakhstan's multi-vector foreign policy and defense reform efforts. The government shake-up is more significant for the insight it provides into competition between elite power groups based on Nazarbayev sons-in-law Timur Kulibayev and Rakhat Aliyev, and metals magnate Aleksandr Mashkevich. With his allies installed as Prime Minister, Minister of Energy and Mineral Resources, and at KazMunaiGaz, Kulibayev appears to be the clear winner of the reshuffle. End summary.

What Has Changed

[1](#)2. (C) As reported in Refs A and B, President Nazarbayev appointed Karim Masimov as Prime Minister on January 10 and named his new cabinet on January 11. Twelve ministers retained their positions, including Bakhtykozha Izmukhambetov in the key post of Minister of Energy and Mineral Resources. Nazarbayev made seven new cabinet appointments:

-- Marat Tazhin, most recently secretary of the Security Council, was named Foreign Minister, replacing Kasymzhomart Tokayev. On January 11 Nazarbayev introduced Tazhin to Foreign Ministry staff as his "main advisor on international issues" who would continue Kazakhstan's multi-vector foreign policy. Known as a master of Kazakhstan's political system, Tazhin has until now held posts out of the public eye, including a brief stint as chairman of the Committee for National Security (KNB), where current Deputy Foreign Minister Rakhat Aliyev was his very troublesome deputy, and a long tenure as Deputy Head of the Presidential Administration (2002-2006). Tazhin, a fluent English speaker, has never

held a diplomatic post. Tazhin's protege Nurlan Yermekbayev, head of the Foreign Policy Center of the Presidential Administration, was named Deputy Foreign Minister. There has been no announcement of whom Yermekbayev is to replace, although it is rumored that Deputy Foreign Minister Aliyev may depart.

-- Aslan Musin was appointed Deputy Prime Minister, while retaining the position of Minister of Economy and Budget Planning that he has held since last October. Musin, who served as Akim of both the Aktobe and Atyrau oblasts, possesses extensive regional economic experience that is expected to complement Masimov's expertise in finance. In his January 11 speech to Parliament, Nazarbayev challenged the cabinet to increase budget planning efficiency and to create a new system of center-regional budget relations -- areas in which Musin may be able to make a significant contribution. Some post contacts maintain that Musin, whose limited experience in Astana makes him a somewhat surprising choice for the Deputy Prime Minister position, was chosen in order to maintain balance among the three main Kazakh clans ("zhuz") at the top level of government. (Note: Musin is an influential representative of the "Younger" clan, dominant in western Kazakhstan, as is Tazhin. Nazarbayev and Tokayev are both from the "Elder" clan, from southeastern Kazakhstan. Mazhilis speaker Mukhamedzhanov represents the "Middle" clan, from the northeastern part of the country. As an ethnic Uighur, Prime Minister Masimov is outside the clan system. End note.) Other observers point to Musin's reported ties to Rakhat Aliyev and Dariga Nazarbayeva and see him as a counterweight to Masimov, known to be close to Timur Kulibayev.

-- Daniyal Akhmetov, the former Prime Minister, was appointed

ASTANA 00000125 002 OF 005

as Kazakhstan's first civilian Defense Minister. In announcing the appointment, Nazarbayev said that his decision conformed to the international practice of having civilians handle policy and management. The former Defense Minister, Mukhtar Altynbayev, remains the senior uniformed member of the Armed Services while becoming First Deputy Defense Minister -- an appointment that many observers do not expect to last given the almost inevitable tension between the men and the fact that Altynbayev is nearing retirement age. The press has suggested that Akhmetov, who has never been involved in any public corruption scandals, may undertake an anti-corruption crusade within the military. Before serving as Prime Minister from 2003-2007, Akhmetov served as Akim of the Pavlodar (1993-1997 and 2001-2003) and North Kazakhstan (1997-1999) oblasts, as well as Deputy Prime Minister (1999-2000). He was the highest-ranking representative of the "Middle" clan in the previous government, and is closely linked to metals magnate Aleksandr Mashkevich. Post sees the appointment of a civilian as Defense Minister as an important milestone in Kazakhstan's defense reform efforts.

-- Galym Orazbakov replaces Vladimir Shkolnik as Minister of Industry and Trade. Orazbakov, only 42 years old, previously served as Deputy Minister of Economy and Trade (2001-2002) and of Industry and Trade (2002-2003), where he was head of Kazakhstan's WTO negotiation team. Since 2003, he has worked as President of the private "Kazakhstan Engineering" firm. Orazbakov, a member of the "Elder" clan, is believed to be related to Abykayev. It is not yet known whether Orazbakov will retain Deputy Minister Zhanar Aitzhanova, the lead negotiator on WTO accession. (Shkolnik, a longtime Nazarbayev confidante, was appointed a deputy head of the Presidential Administration on January 12; his portfolio has not been announced.)

-- Zhanseit Tuymebayev, formerly ambassador to Russia, replaces Berganym Aitimova as Minister of Education and Science. Tuymebayev is a career diplomat, who served as Chief of Presidential Protocol prior to his February 2006 appointment to Moscow. A PhD in philology, Tuymebayev has

conducted extensive research on the Kazakh language. Media analysts have suggested that Aitimova may have lost her job due to her failure to effectively fight corruption in the universities. Given the lack of significant criticism of Aitimova, it is more likely that Nazarbayev simply needed to free up a ministerial post for Tuymebayev in order to send former Senate speaker Nurtay Abykayev to Russia.

-- Viktor Khrapunov replaces Shalbay Kulmakhanov as Minister of Emergency Situations. Khrapunov, a member of the "Middle" clan, previously served as Akim of the East Kazakhstan Oblast (2004-2007), Akim of Almaty City (1997-2004), and Minister of Energy and Coal (1995-1997). Nazarbayev's decision to "demote" Khrapunov from Almaty to East Kazakhstan in 2004 was widely seen as a sign that Khrapunov had not yet mastered the political game; he came in for particular criticism for crude violations during the 2004 parliamentary elections. Given that the Ministry of Emergency Situations is seen as a political backwater, Khrapunov's latest appointment is likely a sign that his performance has not improved. Many observers are puzzled as to how Khrapunov, who is known to be quite corrupt (industry sources tell post that as akim he directly solicited a bribe from a distributor in Ust-Kamenogorsk), has managed to stay in government. His wife's reported close friendship with Dariga Nazarbayeva may be one explanation.

-- Yerbol Orynbayev was named Chief of the Prime Minister's chancery, the only non-ministerial cabinet position. Orynbayev replaces Altay Tleuberdin in the relatively low-profile job. Orynbayev, born in 1971 in Shymkent and thus a representative of the "Elder" clan, holds a law degree from Moscow State University (1993) and a Master's in international development from Duke (2002). He previously served as Deputy Minister of Economy and Budget Planning (2002-2003), chairman of the board of directors of the Center of Marketing and Analytical Studies (2003-2004), and in positions of increasing responsibility in the Presidential Administration, most recently as Deputy Head with responsibility for economic policy (2006-2007). Orynbayev worked closely with Masimov on the international board of advisors for the Almaty Financial Center and on the government working group on administrative reform, and is thus expected to focus on economic and administrative reform

ASTANA 00000125 003 OF 005

issues.

13. (C) In perhaps the most surprising move, Nazarbayev appointed former Minister of Foreign Affairs Kasymzhomart Tokayev to replace Nurtay Abykayev as Speaker of the Senate. (Under the Constitution, Nazarbayev can appoint up to seven senators. The Speaker is first in line of presidential succession.) Some media analysts have claimed that Tokayev is an ally of Rakhat Aliyev and thus intended as a counterweight to the Masimov-Kulibayev camp. Given the obvious tensions between Tokayev and Aliyev during their coexistence at the MFA, however, that theory holds no water. Tokayev is known as a smart, honest, and relatively politically unambitious figure whom Nazarbayev can therefore trust to be a heartbeat away from the presidency. Abykayev's transfer to Moscow is widely seen as punishment for his failure to prevent his staffer Yerzhan Utembayev from ordering the February 2006 murder of opposition leader Altynbek Sarsenbaiuly and bringing international criticism on the Kazakhstani government.

14. (C) Confusion and controversy surrounded Nazarbayev's appointment of Berik Imashev, formerly the deputy head of the Presidential Administration for legal affairs, to replace Tazhin as chairman of the Security Council. On January 11, a decree was posted on the Presidential Administration website naming current Ambassador to the U.S. Kanat Saudabayev to that position, and numerous news outlets reported the story as fact. On January 12, with no explanation, the original decree was replaced with one naming Imashev to the post. Imashev, 46, holds a law degree from Moscow State University

(1982). He worked his way up through the procuracy and later the Financial Police before working in the private sector during the mid-1990s. Imashev served as deputy secretary of the Security Council (2003-2005) before moving to his most recent job at the Presidential Administration. Imashev is a stern individual whose department is thought to have drafted much of the legislation considered damaging to human rights in the past two years. His daughter Aida (born 1984) is married to Rakhat Aliyev and Dariga Nazarbayev's son Nuraly (born 1985), making Imashev the grandfather of President Nazarbayev's great-grandson Alan (born 2005).

What Has Not Changed

¶5. (U) Twelve ministers retained their positions: Bakhtykozha Izmutkhanbetov, Energy and Mineral Resources; Baurzhan Mukhamedzhanov, Internal Affairs; Yermukhamet Yertysbayev, Culture and Information; Natalya Korzhova, Finance; Zagipa Baliyeva, Justice; Anatoliy Dernovoy, Health; Akhmetzhan Yesimov, Agriculture; Gulzhana Karagusova, Labor and Social Protection; Serik Akhmetov, Transportation and Communications; Nurlan Iskakov, Environment and Natural Resources; Temirkhan Dosmukhanbetov, Tourism and Sports; and Musin at Economy and Budget Planning.

¶6. (U) There were no changes at the top of the key agencies and committees. Head of the Presidential Administration Adylbek Dzhaksybekov, KNB Chairman Amangeldy Shabdarbayev, Financial Police head Sarybay Kalmurzayev, Chairman of the Financial Supervision Agency Arman Dunayev, and Civil Service Agency head Zautbek Turisbekov all retained their positions. Procurator General Rashid Tusupbekov and Supreme Court Chief Justice Kairat Mamy are appointed by Parliament and thus were not affected by the cabinet reshuffle.

What It Means for Policy

¶7. (C) In Kazakhstan, the Prime Minister is primarily responsible for coordinating economic policy. On paper, all ministers report to him. In reality, however, ministers dealing with foreign policy and security issues work directly with the Presidential Administration. Even in the economic realm the Prime Minister, because he is appointed by the president and has no electoral legitimacy of his own, has no authority to chart his own policy course. Masimov, an ethnic Uighur, underscored his loyalty to Nazarbayev and his policies during the January 10 joint session of parliament when he placed his hand over his heart and stated "You showed

ASTANA 00000125 004 OF 005

great trust in me when you named me your aide. I want to say that I was, am, and will remain your loyal assistant." In a conversation with Pol-Econ Chief, True Ak Zhol co-chairman Tulegen Zhukeyev, himself a former chairman of the Security Council, described the gesture with disgust as that of a "slave," something that "a Kazakh would never do."

¶8. (SBU) Masimov's authority will thus be limited to the economic realm, within the policy limits set by Nazarbayev and the Presidential Administration. Although Masimov is well known to post as a liberal, reform-oriented individual with a positive attitude toward the West, it is not realistic to expect his influence to extend to the political realm or questions of democratic reform. Other cabinet-level changes are not likely to have either a positive or negative impact on the reform process, as it is being orchestrated by the Presidential Administration (Ref C). Likewise, most observers do not expect significant changes in the country's economic policy as a result of the switch, as Nazarbayev's decision to replace former Prime Minister Akhmetov is seen as a routine change after 3.5 years rather than a condemnation of his performance. During the January 11 parliamentary

session, Nazarbayev set out a familiar list of priorities for the new government, including pursuing Kazakhstan's objective to be among the 50 most competitive countries in the world, the need to improve state planning and development programs, support for regional development based on "centers of economic growth," economic diversification, affordable housing, fair rules for land sales, creation of a pilot program of civic-oriented entrepreneurial corporations, increased efficacy in budget planning, improving education and health care, strengthening the pension system, and job creation.

What It Means for Politics

¶9. (C) The cabinet changes have touched off a great deal of debate about the battle for succession. While Nazarbayev's decision to appoint Karim Masimov as Prime Minister is a clear vote of confidence in his political and managerial skills, it does not necessarily augur a bright political future for Masimov beyond his current posting. It is highly unlikely that anyone other than an ethnic Kazakh could be chosen as Nazarbayev's successor. (There has already been criticism in the parliament of the fact that Masimov does not speak fluent Kazakh.) Masimov's appointment thus says more about the ascendant position of his main backer, first son-in-law Timur Kulibayev, than it does about his own prospects. Kulibayev himself controls the giant Samruk holding company -- which includes KazMunaiGaz -- and his allies now hold the key revenue-controlling positions of Prime Minister and Minister of Energy and Mineral Resources.

¶10. (C) Kulibayev's primary rival, Dariga Nazarbayeva's husband Rakhat Aliyev, appears to have come out on the losing end of the reshuffle. While he has some allies in key positions, namely Deputy Prime Minister Musin and Security Council chairman Imashev, he has also seen rivals such as Tazhin and Tokayev retain positions of great influence. Aliyev, who has been First Deputy Foreign Minister since 2005, is rumored to be on his way back to "honorable exile" in Vienna where Nazarbayev sent him in 2002 following accusations that Aliyev was plotting to seize power. Some believe he is being punished for mismanaging Kazakhstan's bid to chair the OSCE; others see the changes as delayed retribution for his rumored involvement in the Sarsenbaiuly murder.

Comment

¶11. (C) Comment: Kazakhstanian politics are particularly opaque due to the closed nature of the clan system, the tight family relationships among the elite, and the shortage of political analysts and investigative journalists with any first-hand knowledge of events. The maneuverings that are visible to outsiders are merely the surface ripples of an enormous struggle that takes place far beyond the public eye. Nevertheless, a few things are clear: the Kazakhstanian elite are beginning to maneuver into position to succeed

ASTANA 00000125 005 OF 005

Nazarbayev, and -- for now -- the Kulibayev camp appears to be playing the game most successfully.
MILAS